

DEFINITIONS

"Acquisition" shall mean the acquisition by any "person" or any "group" (as such terms are used for purposes of Rules 13d-1 and 13d-5 under the Exchange Act) of more than 50% of the total number of outstanding shares of Common Stock.

"Affiliate" shall mean, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" having meanings correlative to the foregoing.

"Agreement" shall have the meaning ascribed to such term in the preamble to this Agreement.

"Amended Bank Credit Facility" shall mean a bank credit facility under which the Company is the borrower, in effect as of the Closing Date as a replacement to the Bank Credit Facility, which provides for a term loan or term loans and revolving loans.

"Bank Credit Facility" shall mean the Credit and Guarantee Agreement, dated as of February 3, 2000, among NEXTLINK Communications, Inc., the predecessor to the Company ("Nextlink"), certain subsidiaries of Nextlink, various Lenders (as defined therein), Goldman Sachs Credit Partners, L.P., as Syndication Agent, Toronto Dominion (Texas), Inc., as Administrative Agent, Barclays Bank plc and The Chase Manhattan Bank, as Co-Documentation Agents, and TD Securities, together with Goldman Sachs Credit Partners, L.P., the Joint Lead Arrangers, and all ancillary agreements entered into pursuant to the terms thereof, each as amended as of the Closing Date.

"Beneficial Ownership" shall have the meaning ascribed to such term in Rules 13d-3 and 13d-5 under the Exchange Act, except that, solely for the purpose of determining "Beneficial Ownership," (i) a Person shall be deemed to have "Beneficial Ownership" of all shares of Common Stock that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time, and (ii) "Beneficial Ownership" shall be determined without regard to any disclaimer of beneficial ownership and without regard to the fact that one or more classes of the Common Stock is not registered under the Exchange Act; *provided, however*, that an Investor shall be deemed to Beneficially Own shares of Class A Common Stock only at such time, and to the extent, that it has record ownership of shares of Class A Common Stock and shall not be deemed to Beneficially Own shares of Class A Common Stock by virtue of its ownership of shares of Class C Common Stock or Class D Common Stock or any other option, warrant or security exercisable for or convertible into shares of Class A Common Stock. Correlative meanings shall also be ascribed to the terms "Beneficially Own" and "Beneficial Owner".

"Board of Directors" or *"Board"* shall have the meaning ascribed to such term in Section 2.1, as the same may be composed from time to time in accordance with this Agreement and the By-laws.

"Board Representation Date" shall mean the earlier of (i) the first date on which the Board of Directors has received written notice from Telmex that Telmex desires to designate Directors to the Board pursuant to Section 2.2(b), and Telmex has determined in good faith, after consultation with its legal counsel, which counsel shall be an outside law firm of national reputation, that one or more directors, officers or employees of Telmex or a Subsidiary of Telmex can become Directors without violating Section 8 of the Clayton Antitrust Act of 1914, as amended, and (ii) the first date upon which any director, officer or employee of Telmex or a Subsidiary of Telmex is elected or appointed as a Director.

"Business Day" shall mean any day other than a Saturday or Sunday which is not a day on which banking institutions in New York City are authorized or obligated by law or executive order to close.

"Business Plan" shall mean the business plan of the Company, as approved by each of the Investors prior to the Closing Date, and as the same may be amended from time to time in accordance with this Agreement. A copy of the Business Plan, as approved by each of the Investors prior to the Closing Date, which approval shall not be unreasonably withheld, shall be attached hereto as Annex D.

"By-laws" shall mean the By-laws of the Company, as in effect on the Closing Date, as the same may be amended from time to time in accordance with this Agreement and the terms thereof.

"Capital Lease" shall mean a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Certificate of Incorporation" shall mean the Amended and Restated Certificate of Incorporation of the Company, as in effect on the Closing Date, as the same may be amended from time to time in accordance with this Agreement and the terms thereof.

"Class A Common Stock" shall have the meaning ascribed to such term in the recitals to this Agreement.

"Class C Common Stock" shall have the meaning ascribed to such term in the recitals to this Agreement.

"Class D Common Stock" shall have the meaning ascribed to such term in the recitals to this Agreement.

"Closing Date" shall have the meaning set forth in Section 8.1 of this Agreement.

"Common Stock" shall have the meaning ascribed to such term in the recitals to this Agreement.

"Company" shall have the meaning ascribed to such term in the preamble to this Agreement.

"Competing Proposal" shall have the meaning ascribed to such term in Section 3.4(d).

"Competing Proposal Person" shall have the meaning ascribed to such term in Section 3.4(d).

"Director" shall have the meaning ascribed to such term in Section 2.1.

"Encumbrance" shall mean, with respect to any Person, any mortgage, lien, pledge, charge, claim, option, proxy, voting trust, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Equity VII" shall have the meaning ascribed to such term in the preamble to this Agreement.

"Equity Derivative Securities" shall mean any and all equity or debt securities (or any hybrid or combination thereof) convertible into or exchangeable or exercisable for, or which otherwise give the holder thereof the right to acquire, any equity securities of the Company.

"Exchange Act" shall mean the United States Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder.

"Excluded Securities" shall have the meaning ascribed to such term in Section 7.1(d).

"Fair Market Value" shall mean (i) in the case of cash, the amount thereof, (ii) in the case of capital stock that has been publicly traded for a period of at least 12 months, the Market Value thereof, and (iii) in the case of other assets or securities, the fair market value thereof as determined in good faith by the Board of Directors (which determination shall be conclusive and binding on all stockholders).

"Forstmann Little" shall have the meaning ascribed to such term in the preamble to this Agreement.

"Forstmann Little Designee" or *"Forstmann Little Designees"* shall have the meaning ascribed to such term in Section 2.2(a).

"GAAP" shall mean generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), that are applicable to the circumstances as of the date of determination.

"*Guaranty*" shall mean, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing (whether by reason of being a general partner of a partnership or otherwise) any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such indebtedness or obligation or any property constituting security therefor; (b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation; (c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or (d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof. In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"*Indebtedness*" shall mean, with respect to any Person, at any time, without duplication, (a) its liabilities for borrowed money; (b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property); (c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases; (d) all liabilities for borrowed money secured by any Encumbrance with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); (e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money); (f) Swaps of such Person; and (g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

"*Independent Directors*" shall have the meaning ascribed to such term in Section 2.2(d).

"*Investment*" shall have the meaning ascribed to such term in the Stock Purchase Agreement.

"*Investment Period*" shall have the meaning ascribed to such term in Section 4.1.

"Investor" or *"Investors"* shall have the meaning ascribed to such terms in the preamble to this Agreement.

"Investor Designee" or *"Investor Designees"* shall have the meaning ascribed to such term in Section 2.2(a).

"Issuance" shall have the meaning ascribed to such term in Section 7.1(a).

"Major Event" shall mean any merger (other than a merger of a wholly-owned Subsidiary of the Company with and into the Company), consolidation, reorganization or recapitalization of the Company or any sale of all or a substantial portion of the assets of the Company and its Subsidiaries, taken as a whole.

"Major Event Notice" shall have the meaning ascribed to such term in Section 3.4(c).

"Major Event Proposal" shall have the meaning ascribed to such term in Section 3.4(c).

"Market Value" means, as of any date of determination, (i) with respect to shares of any class or series of capital stock traded (1) on the New York Stock Exchange (the "NYSE") or another national stock exchange or quoted on The National Market System of the Nasdaq Stock Market ("Nasdaq NMS") the average of the reported closing bid and asked prices regular way of a share of such class or series for the 30 trading days immediately preceding such date of determination (the "Relevant Trading Period"), as reported, (x) in the case of the NYSE, on the NYSE composite tape, and (y) in the case of any other national securities exchange or Nasdaq NMS, publicly by such exchange or Nasdaq NMS, or (2) solely or primarily in the over-the-counter market, the average of the bid and asked prices of a share of such class or series in the over-the-counter market during the Relevant Trading Period as furnished by any NYSE member firm selected from time to time by the Company or (ii) with respect to any class or series of capital stock not traded or quoted on the NYSE, any other national stock exchange or Nasdaq NMS or in the over-the-counter market, the fair market value of a share of such class or series as determined in good faith by the Board of Directors (which determination shall be conclusive and binding on all stockholders).

"Maximum Number" means the number, rounded up to the next whole number, equal to the product of (i) the total number of Directors on the Board multiplied by (ii) a fraction in which the numerator is the total number of outstanding shares of Common Stock Beneficially Owned by Telmex, and the denominator is the total number of shares of Common Stock outstanding; *provided* that in no event shall the Maximum Number exceed the number of Directors on the Board appointed or nominated by Forstmann Little (excluding the Telmex Independent Designees).

"MBO VIII" shall have the meaning ascribed to such term in the preamble to this Agreement.

7.1(c). *"Notice of Acceptance"* shall have the meaning ascribed to such term in Section

3.4(d). *"Objecting Investor"* shall have the meaning ascribed to such term in Section

7.1(a). *"Offered Securities"* shall have the meaning ascribed to such term in Section

"Officers" shall have the meaning ascribed to such term in Section 2.8.

"Other Buyers" shall have the meaning ascribed to such term in Section 7.1(c).

"Permitted Benefit Plan Issuance" means any issuance of equity securities or Equity Derivative Securities to directors, officers, employees in the ordinary course of business pursuant to an employee stock purchase plan, employee stock option plan or other similar compensation plan approved by the compensation committee of the Board of Directors or the Board of Directors.

"Permitted Transferee" means a Transferee who (i) becomes such as a result of a Transfer (x) in connection with a transaction in which the Transferor (which must be a Person owning assets other than the Common Stock with a Fair Market Value in excess of the Fair Market Value of the Common Stock Beneficially Owned by it, as of the most recent practicable date prior to the Transfer) consolidates, amalgamates or merges with, or sells or otherwise conveys all or substantially all of its assets to, another Person or Persons, such that all shares of Common Stock owned by the Transferor become owned, directly or indirectly through the Person or Persons surviving such consolidation, amalgamation or merger or acquiring all or substantially all of such assets, as the case may be; or (y) in the case of Forstmann Little, to any Affiliate of Equity VII or MBO VIII so long as the Transferee remains an Affiliate of Equity VII or MBO VIII, as the case may be, or in the case of Telmex, to Telefonos de Mexico, S.A. de C.V. or any Subsidiary of Telefonos de Mexico, S.A. de C.V. so long as the Transferee remains a Subsidiary of Telefonos de Mexico, S.A. de C.V.; and (ii) executes a copy of this Agreement.

"Person" shall mean any individual, corporation, limited liability company, partnership, trust or other entity, and shall include any successor (by merger or otherwise) of such entity.

7.1(a). *"Preemptive Notice"* shall have the meaning ascribed to such term in Section

7.1(a). *"Preemptive Offer"* shall have the meaning ascribed to such term in Section

7.1(a). *"Preemptive Offeree"* shall have the meaning ascribed to such term in Section

"Preferred Stock" shall have the meaning ascribed to such term in the Certificate of Incorporation.

"Preliminary Activity" shall have the meaning ascribed to such term in Section 3.4(a).

"Reconciliation Period" shall have the meaning ascribed to such term in Section 3.4(d).

"Registration Rights Agreement" shall mean the Registration Rights Agreement dated as of _____, 2002 among the Investors and the Company.

"Representatives" shall have the meaning ascribed to such term in Section 3.4(a).

"Restricted Securities" means shares of Common Stock of the Company purchased pursuant to the Stock Purchase Agreement by an Investor and any securities issued or issuable with respect to such shares of Common Stock by way of a stock split, stock dividend or stock combination, or any shares of Common Stock issued in connection with a recapitalization, merger, consolidation or other reorganization.

"Restructuring" shall have the meaning ascribed to such term in the Stock Purchase Agreement.

"SEC" shall mean the United States Securities and Exchange Commission or any other federal agency at the time administering the Securities Act or the Exchange Act.

"Securities Act" shall mean the United States Securities Act of 1933 and the rules and regulations promulgated thereunder.

"Solicitation Period" shall have the meaning ascribed to such term in Section 3.4(d).

"Stock Purchase Agreement" shall have the meaning ascribed to such term in the recitals to this Agreement.

"Subsidiary" of any Person shall mean (i) a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation) in which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Substitute Securities" shall have the meaning ascribed to such term in Section 7.2.

"Swaps" means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency.

"Telmex" shall have the meaning ascribed to such term in the preamble to this Agreement.

"Telmex Designee" or *"Telmex Designees"* shall have the meaning ascribed to such term in Section 2.2(a).

"Telmex Independent Designees" means those individuals nominated by Telmex who are independent of, and not affiliated with, either Telmex or the Company. The number of Telmex Independent Designees shall not exceed the Maximum Number.

"Telmex Observer" or *"Telmex Observers"* shall have the meaning ascribed to such term in Section 2.11.

"Third Party" shall mean any Person other than the Company or the Investors, or any of their respective Affiliates.

"Transaction Documents" shall mean this Agreement, the Stock Purchase Agreement, and the Registration Rights Agreement.

"Transfer" shall have the meaning ascribed to such term in Section 4.1.

"Transferee" shall have the meaning ascribed to such term in Section 4.1.

"Transferor" shall have the meaning ascribed to such term in Section 4.1.

"Vacancy Period" shall have the meaning ascribed to such term in Section 2.3(a).

"XO" shall have the meaning ascribed to such term in the preamble to this Agreement.

Certificate of Incorporation of the Company

[attached hereto]

By-laws of the Company

[attached hereto]

Business Plan

[attached hereto]

Senior Management

Name

Title

EXHIBIT C

to Stock Purchase Agreement

REGISTRATION RIGHTS AGREEMENT

Dated as of _____, 2002

among

XO Communications, Inc.

Forstmann Little & Co. Equity Partnership-VII, L.P.,

Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII,
L.P.

and

Teléfonos de México, S.A. de C.V.

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement"), dated as of _____, 2002, is among XO Communications, Inc., a Delaware corporation (the "Company"), Forstmann Little & Co. Equity Partnership-VII, L.P., a Delaware limited partnership ("Equity VII"), Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII, L.P. a Delaware limited partnership ("MBO VIII" and collectively with Equity VII, "Forstmann Little") and Teléfonos de México, S.A. de C.V., a sociedad anonima de capital variable ("Telmex"; Forstmann Little and Telmex are sometimes hereinafter referred to as the "Purchasers" and each is sometimes individually referred to as a "Purchaser").

WHEREAS, pursuant to the Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of January 15, 2002, among the Company and the Purchasers, (a) Forstmann Little will acquire (i) _____ shares (the "New Class A Shares") of Class A Common Stock, par value \$0.01 per share, of the Company ("Class A Common Stock") and (ii) 2 shares of Class D Common Stock, par value \$0.01 per share, of the Company (the "Class D Common Shares") and (b) Telmex will acquire _____ shares of Class C Common Stock, par value \$0.01 per share, of the Company (the "Class C Common Shares").

WHEREAS, each share of the Class C Common Shares and each Class D Common Share is convertible, under certain circumstances, into one share of Class A Common Stock, subject to adjustment.

WHEREAS, as part of, and as partial consideration for, the acquisition of the New Class A Shares and the Class D Common Shares by Forstmann Little and the acquisition of the Class C Common Shares by Telmex, the Company hereby grants to the Purchasers certain registration rights with respect to certain shares of Class A Common Stock to be issued or issuable to each of them upon consummation of the transactions contemplated by the Stock Purchase Agreement.

Accordingly, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, unless the context otherwise requires, the following terms have the following respective meanings:

"Commission" means the United States Securities and Exchange Commission or any other federal agency at the time with primary responsibility for administering the Securities Act.

"Common Stock" means the New Class A Shares and the Class C Common Shares and any shares of Class A Common Stock acquired by a Holder upon the conversion of shares of the Class C Common Shares or the Class D Common Shares, collectively.

"Demand Holders" means Forstmann Little and Telmex and each Permitted Transferee of Forstmann Little or Telmex that is a Holder and to which Forstmann Little or Telmex has expressly assigned demand rights under Section 2.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Exchange Act shall include a reference to the comparable section, if any, of any such similar federal statute.

"Holders" means the Purchasers and any of their Permitted Transferees who agree to be bound by the provisions of this Agreement.

"Permitted Transferee" means any Person to whom any Purchaser shall have the right to transfer any Registrable Securities in accordance with the terms of the Stockholders Agreement, dated as of _____, 2002, among Forstmann Little and Telmex and the Company, as in effect at the time of such transfer.

"Person" means a corporation, an association, a partnership, an organization, a business, a trust, an individual, or any other entity or organization, including a government or political subdivision or an instrumentality or agency thereof.

"Registrable Securities" means (i) the New Class A Shares; (ii) any shares of Class A Common Stock issued or issuable upon conversion of the Class C Common Shares or the Class D Common Shares; and (iii) any shares of Class A Common Stock or other securities of the Company issued or issuable with respect to the Class A Common Stock referred to in clauses (i) and (ii) by way of a stock dividend or stock split or in connection with a recapitalization, merger, consolidation or otherwise. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities (a) when a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (b) when such securities shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of them shall not require registration of them under the Securities Act, or (c) when all such securities owned by a Holder are eligible for sale under Rule 144(k) under the Securities Act or any successor provision.

"Registration Expenses" means all expenses incident to the registration and disposition of the Registrable Securities pursuant to Section 2 hereof, including, without limitation, all registration, filing and applicable national securities exchange fees, all fees and expenses of complying with state securities or blue sky laws (including fees and disbursements of counsel to the underwriters or any Holder in connection with "blue sky" qualification of the Registrable Securities and determination of their eligibility for investment under the laws of the various jurisdictions), all word processing, duplicating and printing expenses, all messenger and delivery expenses, the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of "cold comfort" letters or any special audits required by, or incident to, such registration, all fees and disbursements of underwriters (other than underwriting discounts and commissions), all transfer taxes, and all fees and expenses of counsel to any Holder; provided, however, that Registration Expenses shall exclude, and the Holders shall pay, underwriting discounts and commissions in respect of the Registrable Securities being registered.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time. References to a particular section of the Securities Act shall include a reference to the comparable section, if any, of any such similar Federal statute.

2. Registration Under Securities Act, etc.

2.1. Registration on Request.

(a) Request. Each Demand Holder shall have the right to require the Company to effect the registration under the Securities Act of all or part of the Registrable Securities, by delivering a written request thereof to the Company specifying the number of shares of Registrable Securities it wishes to register and the intended method of distribution. The Company shall (i) use its reasonable best efforts to effect the registration under the Securities Act (including by means of a shelf registration pursuant to Rule 415 under the Securities Act if so requested by the Demand Holder making such request) of the Registrable Securities which the Company has been so requested to register by Demand Holders, for distribution in accordance with the intended method of distribution set forth in the written request delivered by such Demand Holder, such registration to be effected as expeditiously as possible (but in any event within 90 days of receipt of such written request), and (ii) if requested by such Demand Holder, use its reasonable best efforts to obtain acceleration of the effective date of the registration statement relating to such registration.

(b) Limitations on Registration on Request. Each of the Purchasers and its respective Permitted Transferees that are Demand Holders shall collectively be entitled to require the Company to effect, and the Company shall effect, five (5) registrations, for a total of ten (10) registrations for all Demand Holders, pursuant to this Section 2.1. The Company shall not be required to effect any registration upon request by any Demand Holder if such registration does not meet the Minimum Size (as hereinafter defined). "Minimum Size" means the lesser of (i) an anticipated aggregate public offering price (before deducting underwriting discounts and commissions) of \$50 million or (ii) an anticipated registration, offering and sale of 20% or more of the shares of Common Stock acquired by such Purchaser pursuant to the Stock Purchase Agreement, unless the total amount of Registrable Securities owned by a Demand Holder is less than the amounts referred to in both clauses (i) and (ii) above, in which case the Minimum Size with respect to such Demand Holder shall be such lesser amount.

(c) Registration of Other Securities. Whenever the Company shall effect a registration pursuant to this Section 2.1 in connection with an underwritten offering by Demand Holders of Registrable Securities, no securities other than Registrable Securities shall be included among the securities covered by such registration if inclusion of such other securities would result in a request by the managing underwriters for a reduction in the number of Registrable Securities requested to be so registered.

(d) Registration Statement Form. Registrations under this Section 2.1 shall be on such appropriate registration form of the Commission as, subject to clause

(a) above, shall be selected by the Company and as shall be reasonably acceptable to the Demand Holder. The Company agrees to include in any such registration statement all information that, in the opinion of counsel to a Holder and counsel to the Company, is necessary or desirable to be included therein.

(e) Expenses. The Company shall pay all Registration Expenses in connection with any registration requested pursuant to this Section 2.1.

(f) Effective Registration Statement. A registration requested pursuant to this Section 2.1 shall not be deemed to have been effected (including for purposes of paragraph (b) of this Section 2.1) (i) unless a registration statement with respect thereto has become effective and has been kept continuously effective for a period of at least 365 days (or such shorter period which shall terminate when all the Registrable Securities covered by such registration statement have been sold pursuant thereto), (ii) if after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason not attributable to a Holder of Registrable Securities covered by such registration statement and has not thereafter become effective, or (iii) if the conditions to closing specified in the underwriting agreement, if any, entered into in connection with such registration are not satisfied or waived.

(g) Selection of Underwriters. The underwriters of each underwritten offering of the Registrable Securities so to be registered shall be selected by the Demand Holders of a majority of the Registrable Securities included in such registration request, subject to the Company's approval, which approval shall not be unreasonably withheld.

(h) Right to Withdraw. If the managing underwriter of any underwritten offering shall advise the Holders participating in such offering and registration that the Registrable Securities covered by the registration statement cannot be sold in such offering within a price range acceptable to any such Holder, such Holder shall have the right to decline to participate in such offering and registration. In addition, if such managing underwriter shall advise such Holders that the Registrable Securities covered by the registration statement cannot be sold in such offering within a price range acceptable to Holders of a majority of the Registrable Securities included in such registration, then the Holders of a majority of the Registrable Securities so included shall have the right to notify the Company in writing that they have determined that the registration statement shall be abandoned or withdrawn, in which event the Company shall abandon or withdraw such registration statement. In the event of such abandonment or withdrawal, such request shall not be counted for purposes of the requests for registration to which the Holders are entitled pursuant to this Section 2.1, and the Holders that sought to participate in such offering and registration shall, on a pro rata basis, pay, or reimburse the Company for, all Registration Expenses related thereto.

(i) Postponement. The Company shall be entitled once in any six-month period to postpone for a reasonable period of time (but not exceeding 90 days) the filing of any registration statement required to be prepared and filed by it pursuant to this Section 2.1 if the Company determines, in its reasonable judgment, that such registration and offering would materially interfere with any material financing, corporate reorganization or other material

transaction involving the Company or any significant subsidiary, or would require premature disclosure thereof, and promptly gives the Holders participating in such registration written notice of such determination, containing a general statement of the reasons for such postponement (which the Holders shall maintain in strict confidence) and an approximation of the anticipated delay. If the Company shall so postpone the filing of a registration statement, (i) the Company shall use its reasonable best efforts to limit the delay to as short a period as is practicable and (ii) the Demand Holders of a majority of the Registrable Securities included in such registration shall have the right to withdraw the request for registration by giving written notice to the Company at any time and, in the event of such withdrawal, such request shall not be counted for purposes of the requests for registration to which the Demand Holders are entitled pursuant to this Section 2.1.

(j) Shelf Registration. If the Demand Holders request that the Company effect a registration of Registrable Securities by means of shelf registration pursuant to Rule 415 under the Securities Act (a "Shelf Registration Statement"), in addition to the other requirements contained herein, the Company shall, at its cost, use its reasonable best efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by any Holder until such time as all the Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be outstanding (the "Effectiveness Period"); provided, however, that the Effectiveness Period in respect of the Shelf Registration Statement shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements under the Securities Act and as otherwise provided herein.

2.2. Incidental Registration.

(a) Right to Include Registrable Securities. If the Company at any time proposes to register any of its securities for its own account or the account of any other stockholder (including any Demand Holder) under the Securities Act by registration on Form S-1, S-2 or S-3 or any successor or similar form(s) (except registrations on any such Form or similar form(s) solely for registration of securities in connection with an employee benefit plan or dividend reinvestment plan or a merger or consolidation or incidental to an issuance of securities under Rule 144A under the Securities Act), it will each such time give prompt written notice to all of the Holders of its intention to do so and of the Holders' rights under this Section 2.2. Upon the written request of any Holder (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder), made as promptly as practicable and in any event within 30 days after the receipt of any such notice (10 days if the Company states in such written notice or gives telephonic notice to the each of the Holders, with written confirmation to follow promptly thereafter, stating that (i) such registration will be on Form S-3 and (ii) such shorter period of time is required because of a planned filing date), the Company shall use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register by such Holder; provided, however, that if, at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of

such securities, the Company shall give written notice of such determination and its reasons thereof to each of the Holders requesting registration under this Section 2.2 (which such Holders will hold in strict confidence) and (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from any obligation of the Company to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of the Holders to request that such registration be effected as a registration under Section 2.1 and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities, for the same period as the delay in registering such other securities. No registration effected under this Section 2.2 shall relieve the Company of its obligation to effect any registration upon request under Section 2.1. The Company will pay all Registration Expenses in connection with any registration of Registrable Securities requested pursuant to this Section 2.2.

(b) Right to Withdraw. Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any registration statement pursuant to this Section 2.2 at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

(c) Priority in Incidental Registrations. If the managing underwriter of any underwritten offering shall inform the Company by letter of its belief that the number of Registrable Securities requested to be included in such registration, when added to the number of other securities to be offered in such registration, would materially adversely affect such offering, then the Company shall include in such registration, to the extent of the number which the Company is so advised can be sold in (or during the time of) such offering without so materially adversely affecting such offering, securities in the following priority: (A) securities proposed to be included by the Company, (B) on a pro rata basis in accordance with (i) the number of securities proposed to be included by the stockholders (including Demand Holders), if any, triggering such registration and (ii) the Registrable Securities requested by Holders to be included in such registration pursuant to this Section 2.2 and then (C) any other securities of the Company requested to be included in such registration by any other holder having the right to include securities, on a pro rata basis, based on the number of shares of Common Stock held, or obtainable by exercise or conversion of other securities of the Company, by such holder.

(d) Plan of Distribution. Any participation by Holders of Registrable Securities in a registration by the Company shall be in accordance with the Company's plan of distribution, provided that the Holders of a majority of the Registrable Securities included in such registration shall in consultation with the Company have the right to select a co-managing underwriter.

2.3. Registration Procedures. If and whenever the Company is required to use its reasonable best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Sections 2.1 and 2.2 hereof, the Company shall as expeditiously as possible:

(a) prepare and file with the Commission as soon as practicable the requisite registration statement to effect such registration (and

shall include all financial statements required by the Commission to be filed therewith) and thereafter use its reasonable best efforts to cause such registration statement to become effective; provided, however, that before filing such registration statement (including all exhibits) or any amendment or supplement thereto or comparable statements under securities or blue sky laws of any jurisdiction, the Company shall as promptly as practicable furnish such documents to each Holder and each underwriter, if any, participating in the offering of the Registrable Securities and their respective counsel, which documents will be subject to the review and comments of each such Holder, each underwriter and their respective counsel; and provided, further, however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto;

(b) notify each Holder of Registrable Securities covered by any registration statement of the Commission's requests for amending or supplementing such registration statement and the prospectus, and prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement for such period as shall be required for the disposition of all of such Registrable Securities in accordance with the intended method of distribution thereof; provided, that except with respect to any such registration statement filed pursuant to Rule 415 under the Securities Act, such period need not exceed 365 days;

(c) furnish, without charge, to each Holder of Registrable Securities covered by any registration statement and each underwriter such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as such Holders and such underwriters may reasonably request;

(d) use its reasonable best efforts (i) to register or qualify all Registrable Securities and other securities covered by such registration statement under such securities or blue sky laws of such States of the United States of America where an exemption is not available and as each Holder of Registrable Securities covered by such registration statement or any managing underwriter shall reasonably request, (ii) to keep such registration or qualification in effect for so long as such registration statement remains in effect, and (iii) to take any other action which may be reasonably necessary or advisable to enable each Holder of Registrable Securities covered by a registration statement to consummate the

disposition in such jurisdictions of the securities to be sold by such Holders pursuant thereto, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subsection (d) be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(e) use its reasonable best efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other federal or state governmental agencies or authorities as may be necessary in the opinion of counsel to the Company and counsel to any Holder of Registrable Securities covered by such registration statement to consummate the disposition of such Registrable Securities;

(f) furnish to each Holder and each underwriter, if any, participating in the offering of the securities covered by such registration statement, a signed counterpart of (i) an opinion of counsel for the Company, and (ii) a "comfort" letter signed by the independent public accountants who have certified the Company's or any other entity's financial statements included or incorporated by reference in such registration statement, covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of the accountants' comfort letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' comfort letters delivered to the underwriters in underwritten public offerings of securities (and dated the dates such opinions and comfort letters are customarily dated) and, in the case of the legal opinion, such other legal matters;

(g) promptly notify each Holder and each managing underwriter, if any, participating in the offering of the securities covered by such registration statement (i) when such registration statement, any pre-effective amendment, the prospectus or any prospectus supplement related thereto or post-effective amendment to such registration statement has been filed, and, with respect to such registration statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission for amendments or supplements to such registration statement or the prospectus related thereto or for additional information; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any of the Registrable Securities for sale under the securities or blue sky laws of any jurisdiction or the initiation of any proceeding for such purpose; (v) at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration

statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, in the light of the circumstances under which they were made, and in the case of this clause (v), at the request of any Holder of Registrable Securities covered by such registration statement promptly prepare and furnish to such Holder and each managing underwriter, if any, participating in the offering of the Registrable Securities, a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to such Holders, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made; and (vi) at any time when the representations and warranties of the Company contemplated by Section 2.4(a) or (b) hereof cease to be true and correct;

(h) otherwise comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder, and promptly furnish to each Holder of Registrable Securities covered by a registration statement a copy of any amendment or supplement to such registration statement or prospectus;

(i) provide and cause to be maintained a transfer agent and registrar (which, in each case, may be the Company) for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(j) (i) use its reasonable best efforts to cause all Registrable Securities covered by such registration statement to be listed on the NASDAQ "national market system" or the principal securities exchange on which similar securities issued by the Company are then listed (if any), if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (ii) if no similar securities are then so listed, use its reasonable best efforts to (x) cause all such Registrable Securities to be listed on a national securities exchange or (y) failing that, secure designation of all such Registrable Securities as a NASDAQ "national market system security" within the meaning of Exchange Act Rule 11Aa2-1 of the Commission or (z) failing that, to secure NASDAQ authorization for such shares and, without limiting the generality of the foregoing, to arrange for at least two market makers to register as such with respect to such shares with the National Association of Securities Dealers, Inc.;

(k) deliver promptly to counsel to each Holder and each underwriter, if any, participating in the offering of the Registrable Securities, copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to such registration statement;

(l) use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of the registration statement;

(m) provide a CUSIP number for all Registrable Securities, no later than the effective date of the registration statement; and

(n) in connection with any underwritten public offering, make available its senior executive officers, directors and chairman and otherwise provide reasonable assistance to the underwriters (taking into account the needs of the Company's business) in their marketing of Registrable Securities.

The Company may require each Holder of Registrable Securities covered by a registration statement to furnish the Company such information regarding such Holder and the distribution of the Registrable Securities of such Holder as the Company may from time to time reasonably request in writing.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in paragraph (g)(iii) or (v) of this Section 2.3, such Holder will, to the extent appropriate, discontinue its disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until, in the case of paragraph (g)(v) of this Section 2.3, its receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (g)(v) of this Section 2.3 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in its possession, of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. If the disposition by a Holder of its securities is discontinued pursuant to the foregoing sentence, the Company shall extend the period of effectiveness of the registration statement by the number of days during the period from and including the date of the giving of notice to and including the date when such Holder shall have received copies of the supplemented or amended prospectus contemplated by paragraph (g)(v) of this Section 2.3; and, if the Company shall not so extend such period, the request pursuant to which such registration statement was filed shall not be counted for purposes of the requests for registration to which the Holders are entitled pursuant to Section 2.1 hereof.

2.4. Underwritten Offerings.

(a) Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering by the Holders pursuant to a registration requested under Section 2.1, the Company shall enter into a customary underwriting agreement (in the form of underwriting agreement used at such time by the managing underwriter(s)) with a managing underwriter or underwriters selected by the Demand Holders of a majority of the Registrable

Securities included in such registration. Such underwriting agreement shall be satisfactory in form and substance to Demand Holders of a majority of the Registrable Securities included in such registration and shall contain such representations and warranties by, and such other agreements on the part of, the Company and such other terms as are generally prevailing in agreements of the managing underwriter(s), including, without limitation, their customary provisions relating to indemnification and contribution. Each Holder participating in such registration shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Holder. No underwriting agreement (or other agreement in connection with such offering) shall require any Holder to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding the ownership of such Holder's Registrable Securities and such Holder's intended method or methods of disposition or to furnish any indemnity to any Person which is broader than the indemnity to be furnished by such Holder pursuant to Section 2.6(b).

(b) Incidental Underwritten Offerings. In the case of a registration pursuant to Section 2.2 hereof, if the Company shall have determined to enter into any underwriting agreements in connection therewith, all of the Registrable Securities to be included in such registration shall be subject to such underwriting agreements. Each Holder of Registrable Securities included in such registration shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Holder. No underwriting agreement (or other agreement in connection with such offering) shall require any Holder to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding the ownership of such Holder's Registrable Securities and such Holder's intended method or methods of disposition or to furnish any indemnity to any Person which is broader than the indemnity to be furnished by such Holder pursuant to Section 2.6(b).

2.5. Preparation; Reasonable Investigation. In connection with the preparation and filing of each registration statement under the Securities Act pursuant to this Agreement, the Company will give each Holder of Registrable Securities covered by such registration statement, its underwriters, if any, and its counsel, accountants and other representatives and agents the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and give each of them such access to its books and records and such opportunities to discuss the business of the Company with its officers and employees and the independent public accountants who have certified its financial statements, and supply all other information reasonably requested by each of them, as shall be necessary or appropriate, in the opinion of such Holder and such underwriters' respective counsel, to conduct a reasonable

investigation within the meaning of the Securities Act.

2.6. Indemnification.

(a) Indemnification by the Company. The Company agrees that in the event of any registration of any securities of the Company under the Securities Act, the Company shall, and hereby does, indemnify and hold harmless each Holder, its directors, officers, members, partners, agents and affiliates and each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls such Holder or any such underwriter within the meaning of the Securities Act, against any losses, claims, damages, or liabilities, joint or several, to which such Holder or any such director, officer, member, partner, agent or affiliate or underwriter or controlling Person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities, joint or several (or actions or proceedings, whether commenced or threatened, in respect thereof), arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances in which they were made not misleading, or (iii) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration, and the Company shall reimburse such Holder and each such director, officer, member, partner, agent or affiliate, underwriter and controlling Person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided that the Company shall not be liable in any such case to a Holder or any such director, officer, member, partner, agent, affiliate, or controlling Person to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Holder, specifically stating that it is for use in the preparation thereof. Such indemnity shall remain in full force regardless of any investigation made by or on behalf of a Holder or any such director, officer, member, partner, agent, affiliate, underwriter or controlling Person and shall survive the transfer of such securities by a Holder.

(b) Indemnification by the Holders. As a condition to including any Registrable Securities in any registration statement, the Company shall have received an undertaking reasonably satisfactory to it from each Holder so including any Registrable Securities to indemnify and hold harmless, severally and not jointly (in the same manner and to the same extent as set forth in paragraph (a) of this Section 2.6), the Company, and each director of the Company, each officer of the Company and each other Person, if any, who controls the Company within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary prospectus, final

prospectus or summary prospectus contained therein, or any amendment or supplement thereto, but only to the extent such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Holder specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement; provided, however, that the liability of such indemnifying party under this Section 2.6(b) shall be limited to the amount of proceeds (net of expenses and underwriting discounts and commissions) received by such indemnifying party in the offering giving rise to such liability. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling Person and shall survive the transfer of such securities by such Holder.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding subsections of this Section 2.6, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action or proceeding; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subsections of this Section 2.6, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice, and shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under this Section 2.6. In case any such action or proceeding is brought against an indemnified party, the indemnifying party shall be entitled to participate therein and, unless in the opinion of outside counsel to the indemnified party a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party; provided, however, that if the defendants in any such action or proceeding include both the indemnified party and the indemnifying party and if in the opinion of outside counsel to the indemnified party there may be legal defenses available to such indemnified party and/or other indemnified parties which are different from or in addition to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to defend such action or proceeding on behalf of such indemnified party or parties, provided, however, that the indemnifying party shall be obligated to pay for only one counsel and one local counsel for all indemnified parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by the indemnified party of such counsel, the indemnifying party shall not be liable to such indemnified party for any legal expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation (unless the first proviso in the preceding sentence shall be applicable). No indemnifying party shall be liable for any settlement of any action or proceeding effected without its written consent. No indemnifying party shall, without the consent of the indemnified party (which consent shall not be unreasonably withheld or delayed), consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(d) Contribution. If the indemnification provided for in this Section 2.6 shall for any reason be held by a court to be unavailable to an indemnified party under subsection (a) or (b) hereof in respect of any loss, claim, damage or liability, or any action in respect thereof, then, in lieu of the amount paid or payable under subsection (a) or (b) hereof, the indemnified party and the indemnifying party under subsection (a) or (b) hereof shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating the same), (i) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand, and the indemnified party on the other, which resulted in such loss, claim, damage or liability, or action in respect thereof, with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law or if the allocation provided in this clause (ii) provides a greater amount to the indemnified party than clause (i) above, in such proportion as shall be appropriate to reflect not only the relative fault but also the relative benefits received by the indemnifying party and the indemnified party from the offering of the securities covered by such registration statement as well as any other relevant equitable considerations. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 2.6(d) were to be determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the preceding sentence of this Section 2.6(d). No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In addition, no Person shall be obligated to contribute hereunder any amounts in payment for any settlement of any action or claim effected without such Person's consent, which consent shall not be unreasonably withheld. Notwithstanding anything in this subsection (d) to the contrary, no indemnifying party (other than the Company) shall be required to contribute any amount in excess of the proceeds (net of expenses and underwriting discounts and commissions) received by such party from the sale of the Registrable Securities in the offering to which the losses, claims, damages or liabilities of the indemnified parties relate.

(e) Other Indemnification. Indemnification and contribution similar to that specified in the preceding subsections of this Section 2.6 (with appropriate modifications) shall be given by the Company and the Holders with respect to any required registration or other qualification of securities under any federal, state or blue sky law or regulation of any governmental authority other than the Securities Act. The indemnification agreements contained in this Section 2.6 shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract and shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any indemnified party and shall survive the transfer of any of the Registrable Securities by a Holder.

(f) Indemnification Payments. The indemnification and contribution required by this Section 2.6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

2.7. Unlegended Certificates. In connection with the offering of any Registrable Securities registered pursuant to this Section 2, the Company shall (i) facilitate the timely preparation and delivery to each Holder and underwriter, if any, participating in such offering, of unlegended certificates representing ownership of such Registrable Securities being sold in such denominations and registered in such names as requested by such Holder or such underwriters and (ii) instruct any transfer agent and registrar of such Registrable Securities to release any stop transfer orders with respect to any such Registrable Securities.

2.8. No Required Sale. Nothing in this Agreement shall be deemed to create an independent obligation on the part of any Holder to sell any Registrable Securities pursuant to any effective registration statement.

3. Rule 144. The Company shall take all actions reasonably necessary to enable each Holder of Registrable Securities to sell such securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144, or (ii) any similar rule or regulation hereafter adopted by the Commission including, without limiting the generality of the foregoing, filing on a timely basis all reports required to be filed by the Exchange Act. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

4. Amendments and Waivers. This Agreement may be amended, modified or supplemented only by written agreement of the Company and Holders of a majority of the Registrable Securities of each Purchaser and its Permitted Transferees, provided, however, that any amendment that would materially and adversely affect any particular Holder or Holders shall also require the written consent of such Holder or Holders.

5. Notice. All notices and other communications hereunder shall be in writing and, unless otherwise provided herein, shall be deemed to have been given when received by the party to whom such notice is to be given at its address set forth below, or such other address for the party as shall be specified by notice given pursuant hereto:

(a) If to Forstmann Little, to:

c/o Forstmann Little & Co.
767 Fifth Avenue
New York, NY 10153
Attention: Sandra J. Horbach

With a copy to:

Fried, Frank, Harris, Shriver & Jacobson
One New York Plaza
New York, New York 10004
Attention: Stephen Fraidin, Esq.

(b) If to Telmex, to:

Teléfonos de México, S.A. de C.V.
Parque Via 190, Piso 10
Colonia Cuauhtémoc
06599 México, D.F.
Attention: Lic. Javier Mondragon Alarcon

With a copy to:

Latham & Watkins
885 Third Avenue
Suite 1000
New York, NY 10022
Attention: Charles M. Nathan, Esq.

(c) If to the Company, to it at:

XO Communications, Inc.
11111 Sunset Hills Road
Reston, VA 20190
Attn: Gary D. Begeman, Esq.

With a copy to:

Willkie Farr & Gallagher
787 Seventh Avenue
New York, NY 10019
Attn: Bruce R. Kraus, Esq.

6. Assignment; Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by the Company, without the prior written consent of the Holders. The Purchasers and each of their Permitted Transferees may, at their election, at any time or from time to time, assign their rights under this Agreement, in whole or in part, to any purchaser or other transferee of shares of Registrable Securities held by them to the extent such Person agrees in writing to be bound by all of the provisions applicable hereunder to the transferring Holder; provided, however, that (i) no Permitted Transferee or assignee of any Purchaser shall have any demand rights pursuant to Section 2.1 unless such demand rights are expressly assigned to such Permitted Transferee or assignee in writing and (ii) no such assignment will increase the total number of registrations pursuant to Section 2.1 or underwritten offerings the Company is required to effect hereunder. If the Company is a party to any merger or consolidation pursuant to which the Registrable Securities are converted into or exchanged for securities or the right to receive securities of any other Person ("Conversion Securities"), the issuer of such Conversion Securities shall assume (in

a writing delivered to each Holder) all obligations of the Company under this Agreement. The Company shall not effect any merger or consolidation unless the issuer of any Conversion Securities complies with the provisions of this Section 6.

7. Remedies. The parties hereto agree that money damages or other remedy at law would not be sufficient or adequate remedy for any breach or violation of, or a default under, this Agreement by them and that, in addition to all other remedies available to them, each of them shall be entitled to an injunction restraining such breach, violation or default or threatened breach, violation or default and to any other equitable relief, including without limitation specific performance, without bond or other security being required. In any action or proceeding brought to enforce any provision of this Agreement (including the indemnification provisions thereof), the successful party shall be entitled to recover reasonable attorneys' fees in addition to its costs and expenses and any other available remedy.

8. No Inconsistent Agreements. The Company will not, on or after the date of this Agreement, enter into any agreement with respect to its securities which is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The Company further represents and warrants that the rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with any other agreements to which the Company is a party or by which it is bound.

9. Descriptive Headings. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for reference only and shall not control or otherwise affect the meaning hereof.

10. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights and obligations of the parties hereto shall be governed by, the laws of the State of New York, without giving effect to the conflicts of law principles thereof. Each of the parties to this Agreement hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of New York and the United States of America located in the County of New York for any action or proceeding arising out of or relating to this Agreement (and agrees not to commence any action or proceeding relating thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in Section 5 hereof shall be effective service of process for any action or proceeding brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any action or proceeding arising out of this Agreement in the courts of the State of New York or the United States of America located in the County of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

12. Invalidity of Provision. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction. If any restriction or provision of this Agreement is held unreasonable, unlawful or unenforceable in any respect, such restriction or provision shall be interpreted, revised or applied in a manner that renders it lawful and enforceable to the fullest extent possible under law.

13. Further Assurances. Each party hereto shall do and perform or cause to be done and performed all further acts and things and shall execute and deliver all other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

14. Entire Agreement; Effectiveness. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized.

XO COMMUNICATIONS, INC.

By: _____
Name: Daniel F. Akerson
Title: Chairman and Chief Executive Officer

FORSTMANN LITTLE & CO. EQUITY
PARTNERSHIP VII, L.P.

By: _____
Name: Sandra J. Horbach,
Title: General Partner

FORSTMANN LITTLE & CO. SUBORDINATED
DEBT AND EQUITY MANAGEMENT BUYOUT
PARTNERSHIP - VIII, L.P.

By: _____
Name: Sandra J. Horbach,
Title: General Partner

TELÉFONOS DE MÉXICO, S.A. DE C.V.

By: _____
Name: Jaime Chico Pardo
Title: Director General

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